#### SECOND REGULAR SESSION

## SENATE BILL NO. 1164

#### 94TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR LOUDON.

Read 1st time February 20, 2008, and ordered printed.

4684S.01I

TERRY L. SPIELER, Secretary.

### AN ACT

To repeal sections 287.020, 287.200, 287.220, 287.230, 287.430, and 287.715, RSMo, and to enact in lieu thereof six new sections relating to workers' compensation, with an emergency clause.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Sections 287.020, 287.200, 287.220, 287.230, 287.430, and

- 2 287.715, RSMo, are repealed and six new sections enacted in lieu thereof, to be
- 3 known as sections 287.020, 287.200, 287.220, 287.230, 287.430, and 287.715, to
- 4 read as follows:

287.020. 1. The word "employee" as used in this chapter shall be

- construed to mean every person in the service of any employer, as defined in this
- 3 chapter, under any contract of hire, express or implied, oral or written, or under
- 4 any appointment or election, including executive officers of corporations. Except
- 5 as otherwise provided in this chapter, any reference to any employee who
- 6 has been injured shall, when the employee is dead, also include his dependents,
- 7 and other persons to whom compensation may be payable. The word "employee"
- 8 shall also include all minors who work for an employer, whether or not such
- 9 minors are employed in violation of law, and all such minors are hereby made of
- 10 full age for all purposes under, in connection with, or arising out of this
- 11 chapter. The word "employee" shall not include an individual who is the owner,
- 12 as defined in subsection 43 of section 301.010, RSMo, and operator of a motor
- 13 vehicle which is leased or contracted with a driver to a for-hire motor carrier
- 14 operating within a commercial zone as defined in section 390.020 or 390.041,
- 15 RSMo, or operating under a certificate issued by the Missouri department of
- 16 transportation or by the United States Department of Transportation, or any of

17 its subagencies.

38

39

40

41 42

43

45

46 47

48

4950

51

- 2. The word "accident" as used in this chapter shall mean an unexpected traumatic event or unusual strain identifiable by time and place of occurrence and producing at the time objective symptoms of an injury caused by a specific event during a single work shift. An injury is not compensable because work was a triggering or precipitating factor.
- 3. (1) In this chapter the term "injury" is hereby defined to be an injury which has arisen out of and in the course of employment. An injury by accident is compensable only if the accident was the prevailing factor in causing both the resulting medical condition and disability. "The prevailing factor" is defined to be the primary factor, in relation to any other factor, causing both the resulting medical condition and disability.
- 29 (2) An injury shall be deemed to arise out of and in the course of the 30 employment only if:
- 31 (a) It is reasonably apparent, upon consideration of all the circumstances, 32 that the accident is the prevailing factor in causing the injury; and
- 33 (b) It does not come from a hazard or risk unrelated to the employment 34 to which workers would have been equally exposed outside of and unrelated to the 35 employment in normal nonemployment life.
- 36 (3) An injury resulting directly or indirectly from idiopathic causes is not 37 compensable.
  - (4) A cardiovascular, pulmonary, respiratory, or other disease, or cerebrovascular accident or myocardial infarction suffered by a worker is an injury only if the accident is the prevailing factor in causing the resulting medical condition.
  - (5) The terms "injury" and "personal injuries" shall mean violence to the physical structure of the body and to the personal property which is used to make up the physical structure of the body, such as artificial dentures, artificial limbs, glass eyes, eyeglasses, and other prostheses which are placed in or on the body to replace the physical structure and such disease or infection as naturally results therefrom. These terms shall in no case except as specifically provided in this chapter be construed to include occupational disease in any form, nor shall they be construed to include any contagious or infectious disease contracted during the course of the employment, nor shall they include death due to natural causes occurring while the worker is at work.
- 52 4. "Death" when mentioned as a basis for the right to compensation means

only death resulting from such violence and its resultant effects occurring within three hundred weeks after the accident; except that in cases of occupational disease, the limitation of three hundred weeks shall not be applicable.

- 5. Injuries sustained in company-owned or subsidized automobiles in accidents that occur while traveling from the employee's home to the employer's principal place of business to the employee's home are not compensable. The extension of premises doctrine is abrogated to the extent it extends liability for accidents that occur on property not owned or controlled by the employer even if the accident occurs on customary, approved, permitted, usual or accepted routes used by the employee to get to and from their place of employment.
- 6. The term "total disability" as used in this chapter shall mean inability to return to any employment and not merely mean inability to return to the employment in which the employee was engaged at the time of the accident.
- 7. As used in this chapter and all acts amendatory thereof, the term "commission" shall hereafter be construed as meaning and referring exclusively to the labor and industrial relations commission of Missouri, and the term "director" shall hereafter be construed as meaning the director of the department of insurance of the state of Missouri or such agency of government as shall exercise the powers and duties now conferred and imposed upon the department of insurance of the state of Missouri.
- 8. The term "division" as used in this chapter means the division of workers' compensation of the department of labor and industrial relations of the state of Missouri.
- 9. For the purposes of this chapter, the term "minor" means a person who has not attained the age of eighteen years; except that, for the purpose of computing the compensation provided for in this chapter, the provisions of section 287.250 shall control.
- 10. In applying the provisions of this chapter, it is the intent of the legislature to reject and abrogate earlier case law interpretations on the meaning of or definition of "accident", "occupational disease", "arising out of", and "in the course of the employment" to include, but not be limited to, holdings in: Bennett v. Columbia Health Care and Rehabilitation, 80 S.W.3d 524 (Mo.App. W.D. 2002); Kasl v. Bristol Care, Inc., 984 S.W.2d 852 (Mo.banc 1999); and Drewes v. TWA, 984 S.W.2d 512 (Mo.banc 1999) and all cases citing, interpreting, applying, or following those cases.

SB 1164 4

7

10

14

15

16

1718

27

29

30

287.200. 1. Compensation for permanent total disability shall be paid during the continuance of such disability for the lifetime of the employee at the weekly rate of compensation in effect under [this] subsection 2 of this section on the date of the injury for which compensation is being made. The amount of such compensation shall be computed as follows], with the following exceptions:

- (1) Benefits payable under this section shall terminate when the employee is eligible to receive full Social Security retirement benefits under the Social Security Act or other retirement benefits in lieu of Social Security retirement benefits. If an employee began receiving Social Security retirement or other benefits in lieu of Social Security retirement benefits before the occurrence of the compensable injury, the employee may receive permanent total disability benefits for up to two years after the date of occurrence of the injury by accident or occupational disease during which time the benefits would be offset by an amount equal to fifty percent of the employee's weekly Social Security retirement benefit or other benefits in lieu of Social Security retirement benefits;
- (2) Permanent total disability benefits that have accrued, paid 19 or unpaid, through the date of the injured employee's death are the 20 only permanent total disability benefits that are to be paid in 2122accordance with section 287.230. Permanent total disability of an injured employee terminates on the date of the injured employee's 23death in accordance with section 287.230, and does not survive to the 24injured employee's dependents, estate or other persons to whom 25compensation might otherwise be payable;  $^{26}$
- (3) The word "employee" as used in this section shall not include 28the injured worker's dependents, estate or other persons to whom compensation may be payable as provided in subsection 1 of section 287.020;
- 31 (4) All claims for permanent total disability shall be determined 32 in accordance with the facts. When an injured employee receives an award for permanent total disability and the employee at any time 33 thereafter is able to compete for employment in the open labor market 3435or returns to work, the life payment mentioned in subsection 1 of this 36 section shall terminate. The commission shall retain jurisdiction in the case during the lifetime of any injured employee who has received

38 an award of permanent total disability.

# 39 2. The amount of such compensation shall be computed as 40 follows:

- (1) For all injuries occurring on or after September 28, 1983, but before September 28, 1986, the weekly compensation shall be an amount equal to sixty-six and two-thirds percent of the injured employee's average weekly earnings during the year immediately preceding the injury, as of the date of the injury; provided that the weekly compensation paid under this subdivision shall not exceed an amount equal to seventy percent of the state average weekly wage, as such wage is determined by the division of employment security, as of the July first immediately preceding the date of injury;
- (2) For all injuries occurring on or after September 28, 1986, but before August 28, 1990, the weekly compensation shall be an amount equal to sixty-six and two-thirds percent of the injured employee's average weekly earnings during the year immediately preceding the injury, as of the date of the injury; provided that the weekly compensation paid under this subdivision shall not exceed an amount equal to seventy-five percent of the state average weekly wage, as such wage is determined by the division of employment security, as of the July first immediately preceding the date of injury;
- (3) For all injuries occurring on or after August 28, 1990, but before August 28, 1991, the weekly compensation shall be an amount equal to sixty-six and two-thirds percent of the injured employee's average weekly earnings as of the date of the injury; provided that the weekly compensation paid under this subdivision shall not exceed an amount equal to one hundred percent of the state average weekly wage;
- (4) For all injuries occurring on or after August 28, 1991, the weekly compensation shall be an amount equal to sixty-six and two-thirds percent of the injured employee's average weekly earnings as of the date of the injury; provided that the weekly compensation paid under this subdivision shall not exceed an amount equal to one hundred five percent of the state average weekly wage;
- (5) For all injuries occurring on or after September 28, 1981, the weekly compensation shall in no event be less than forty dollars per week.
- [2. All claims for permanent total disability shall be determined in accordance with the facts. When an injured employee receives an award for permanent total disability but by the use of glasses, prosthetic appliances, or physical rehabilitation the employee is restored to his regular work or its

74equivalent, the life payment mentioned in subsection 1 of this section shall be 75 suspended during the time in which the employee is restored to his regular work or its equivalent. The employer and the division shall keep the file open in the 7677case during the lifetime of any injured employee who has received an award of permanent total disability. In any case where the life payment is suspended 7879under this subsection, the commission may at reasonable times review the case and either the employee or the employer may request an informal conference with 80 81 the commission relative to the resumption of the employee's weekly life payment 82 in the case.]

287.220. 1. All cases of permanent disability where there has been previous disability shall be compensated as herein provided. Compensation shall be computed on the basis of the average earnings at the time of the last injury. If any employee who has a preexisting permanent partial disability whether from compensable injury or otherwise, of such seriousness as to constitute a hindrance or obstacle to employment or to obtaining reemployment if the employee becomes unemployed, and the preexisting permanent partial disability, if a body as a whole injury, equals a minimum of fifty weeks of compensation or, if a major extremity injury only, equals a minimum of fifteen percent permanent partial 9 disability, according to the medical standards that are used in determining such 10 11 compensation, receives a subsequent compensable injury resulting in additional 12permanent partial disability so that the degree or percentage of disability, in an amount equal to a minimum of fifty weeks compensation, if a body as a whole 13 14 injury or, if a major extremity injury only, equals a minimum of fifteen percent 15 permanent partial disability, caused by the combined disabilities is substantially greater than that which would have resulted from the last injury, considered 16 alone and of itself, and if the employee is entitled to receive compensation on the 17basis of the combined disabilities, the employer at the time of the last injury shall 18 be liable only for the degree or percentage of disability which would have resulted 19 20 from the last injury had there been no preexisting disability. Prior disabilities, whether from compensable injury or otherwise, which have previously 21 22been utilized or combined in calculating an earlier award or settlement of a second injury fund permanent partial disability claim are not to be 2324utilized or combined in any later claim for permanent partial disability 25against the second injury fund. Such prior disabilities may be utilized 26or combined in a claim against the second injury fund for permanent total disability. No compensation for permanent partial disability from

the second injury fund shall be payable if there is jurisdiction in 28 29 another state due to the employee's injury by accident or occupational 30 disease. After the compensation liability of the employer for the last injury, considered alone, has been determined by an administrative law judge or the 31 commission, the degree or percentage of employee's disability that is attributable 3233 to all injuries or conditions existing at the time the last injury was sustained 34 shall then be determined by that administrative law judge or by the commission and the degree or percentage of disability which existed prior to the last injury 35 plus the disability resulting from the last injury, if any, considered alone, shall 36 37 be deducted from the combined disability, and compensation for the balance, if 38 any, shall be paid out of a special fund known as the second injury fund, 39 hereinafter provided for. If the previous disability or disabilities, whether from 40 compensable injury or otherwise, and the last injury together result in total and permanent disability, the minimum standards under this subsection for a body 41 as a whole injury or a major extremity injury shall not apply and the employer 4243 at the time of the last injury shall be liable only for the disability resulting from 44 the last injury considered alone and of itself; except that if the compensation for which the employer at the time of the last injury is liable is less than the 45 compensation provided in this chapter for permanent total disability, then in 46 47 addition to the compensation for which the employer is liable and after the 48 completion of payment of the compensation by the employer, the employee shall 49 be paid the remainder of the compensation that would be due for permanent total disability under section 287.200 out of a special fund known as the "Second Injury 50 Fund" hereby created exclusively for the purposes as in this section provided and 51 for special weekly benefits in rehabilitation cases as provided in section 5253 287.141. Maintenance of the second injury fund shall be as provided by section 287.710. The state treasurer shall be the custodian of the second injury fund 54which shall be deposited the same as are state funds and any interest accruing 55 thereon shall be added thereto. The fund shall be subject to audit the same as 56 state funds and accounts and shall be protected by the general bond given by the 57state treasurer. Upon the requisition of the director of the division of workers' 58 59 compensation, warrants on the state treasurer for the payment of all amounts 60 payable for compensation and benefits out of the second injury fund shall be 61 issued.

2. In all cases in which a recovery against the second injury fund is sought for permanent partial disability, permanent total disability, or death, the

62

63

81

8283

84

8586

87

88

8990

9192

93

9495

96

97

98 99

state treasurer as custodian thereof shall be named as a party, and shall be 64 65 entitled to defend against the claim. The state treasurer, with the advice and consent of the attorney general of Missouri, may enter into compromise 66 67settlements as contemplated by section 287.390, or agreed statements of fact that would affect the second injury fund. All awards for permanent partial disability, 68 69 permanent total disability, or death affecting the second injury fund shall be 70 subject to the provisions of this chapter governing review and appeal. For all 71claims filed against the second injury fund on or after July 1, 1994, the attorney 72general shall use assistant attorneys general except in circumstances where an actual or potential conflict of interest exists, to provide legal services as may be 73required in all claims made for recovery against the fund. Any legal expenses 74incurred by the attorney general's office in the handling of such claims, including, 75but not limited to, medical examination fees, expert witness fees, court reporter 76expenses, travel costs, and related legal expenses shall be paid by the 77fund. Effective July 1, 1993, the payment of such legal expenses shall be 78 contingent upon annual appropriations made by the general assembly, from the 79 fund, to the attorney general's office for this specific purpose. 80

- 3. If more than one injury in the same employment causes concurrent temporary disabilities, compensation shall be payable only for the longest and largest paying disability.
- 4. If more than one injury in the same employment causes concurrent and consecutive permanent partial disability, compensation payments for each subsequent disability shall not begin until the end of the compensation period of the prior disability.
- 5. If an employer fails to insure or self-insure as required in section 287.280, funds from the second injury fund may be withdrawn to cover the fair, reasonable, and necessary expenses to cure and relieve the effects of the injury or disability of an injured employee in the employ of an uninsured employer, or in the case of death of an employee in the employ of an uninsured employer, funds from the second injury fund may be withdrawn to cover fair, reasonable, and necessary expenses in the manner required in sections 287.240 and 287.241; except that no such funds shall be withdrawn if there is jurisdiction in another state due to the employee's injury by accident or occupational disease. In defense of claims arising under this subsection, the treasurer of the state of Missouri, as custodian of the second injury fund, shall have the same defenses to such claims as would the uninsured employer. Any funds received by

107

108

109

110

111112

113

114

115116

117

the employee or the employee's dependents, through civil or other action, must go towards reimbursement of the second injury fund, for all payments made to the employee, the employee's dependents, or paid on the employee's behalf, from the second injury fund pursuant to this subsection. The office of the attorney general of the state of Missouri shall bring suit in the circuit court of the county in which the accident occurred against any employer not covered by this chapter as required in section 287.280.

- 6. Every three years the second injury fund shall have an actuarial study made to determine the solvency of the fund, appropriate funding level of the fund, and forecasted expenditures from the fund. The first actuarial study shall be completed prior to July 1, 1988. The expenses of such actuarial studies shall be paid out of the fund for the support of the division of workers' compensation.
- 7. The director of the division of workers' compensation shall maintain the financial data and records concerning the fund for the support of the division of workers' compensation and the second injury fund. The division shall also compile and report data on claims made pursuant to subsection 9 of this section. The attorney general shall provide all necessary information to the division for this purpose.
- 8. All claims for fees and expenses filed against the second injury fund and all records pertaining thereto shall be open to the public.
- 120 9. Any employee who at the time a compensable work-related injury is 121 sustained is employed by more than one employer, the employer for whom the 122employee was working when the injury was sustained shall be responsible for 123 wage loss benefits applicable only to the earnings in that employer's employment 124 and the injured employee shall be entitled to file a claim against the second 125 injury fund for any additional wage loss benefits attributed to loss of earnings from the employment or employments where the injury did not occur, up to the 126 maximum weekly benefit less those benefits paid by the employer in whose 127 128 employment the employee sustained the injury. The employee shall be entitled 129 to a total benefit based on the total average weekly wage of such employee computed according to subsection 8 of section 287.250. The employee shall not 130 131 be entitled to a greater rate of compensation than allowed by law on the date of 132 the injury. The employer for whom the employee was working where the injury 133 was sustained shall be responsible for all medical costs incurred in regard to that 134 injury.

8

9

10

11

12

13

14

1516

of the employer to furnish compensation as in this chapter provided, so far as the liability has accrued and become payable at the time of the death, and any accrued and unpaid compensation due the employee shall be paid to his dependents without administration, or if there are no dependents, to his personal representative or other persons entitled thereto, but the death shall be deemed to be the termination of the disability.

- 2. Where an employee is entitled to compensation under this chapter, exclusive of compensation as provided for in section 287.200, for an injury received and death ensues for any cause not resulting from the injury for which [he] the employee was entitled to compensation, [payments of the unpaid accrued compensation shall be paid, but] payments of the unpaid unaccrued [balance] compensation under section 287.190 and no other compensation for the injury shall [cease and all liability therefor shall terminate unless there are] be paid to the surviving dependents at the time of death.
- 3. In applying the provisions of this chapter, it is the intent of the legislature to reject and abrogate the holding in Schoemehl v. 19 Treasurer of the State of Missouri, 217 S.W.3d 900 (Mo. 2007), and all cases interpreting, applying, or following this case.

287.430. Except for a claim for recovery filed against the second injury fund, no proceedings for compensation under this chapter shall be maintained unless a claim therefor is filed with the division within two years after the date of injury or death, or the last payment made under this chapter on account of the injury or death, except that if the report of the injury or the death is not filed by the employer as required by section 287.380, the claim for compensation may be filed within three years after the date of injury, death, or last payment made under this chapter on account of the injury or death. The filing of any form, report, receipt, or agreement, other than a claim for compensation, shall not toll 9 the running of the periods of limitation provided in this section. The filing of the report of injury or death three years or more after the date of injury, death, or 11 last payment made under this chapter on account of the injury or death, shall not 12toll the running of the periods of limitation provided in this section, nor shall 13 14such filing reactivate or revive the period of time in which a claim may be filed. 15 A claim for compensation against the second injury fund shall be filed within 16 two years after the date [of the injury or within one year after a claim] the original claim for compensation is filed against an employer [or insurer] 17

pursuant to this chapter[, whichever is later]. Any claim for medical fees or 18 19 expenses made under subsections 3, 4, and 13 of section 287.140 shall 20 be filed with the division of worker's compensation within two years of 21the last date of the medical treatment or service. In all other respects the limitations shall be governed by the law of civil actions other than for the 2223 recovery of real property, but the appointment of a conservator shall be deemed 24the termination of the legal disability from minority or disability as defined in chapter 475, RSMo. The statute of limitations contained in this section is one of 25extinction and not of repose. 26

287.715. 1. For the purpose of providing for revenue for the second injury fund, every authorized self-insurer, and every workers' compensation policyholder insured pursuant to the provisions of this chapter, shall be liable for payment of an annual surcharge in accordance with the provisions of this section. The 4 annual surcharge imposed under this section shall apply to all workers' 5 compensation insurance policies and self-insurance coverages which are written or renewed on or after April 26, 1988, including the state of Missouri, including 8 any of its departments, divisions, agencies, commissions, and boards or any political subdivisions of the state who self-insure or hold themselves out to be any 9 part self-insured. Notwithstanding any law to the contrary, the surcharge 10 11 imposed pursuant to this section shall not apply to any reinsurance or 12 retrocessional transaction.

13 2. Beginning October 31, 2005, and each year thereafter, the director of the division of workers' compensation shall estimate the amount of benefits 14 payable from the second injury fund during the following calendar year and shall 15 calculate the total amount of the annual surcharge to be imposed during the 16 following calendar year upon all workers' compensation policyholders and 17 authorized self-insurers. The amount of the annual surcharge percentage to be 18 imposed upon each policyholder and self-insured for the following calendar year 19 20 commencing with the calendar year beginning on January 1, 2006, shall be set at and calculated against a percentage, not to exceed three percent, of the 21policyholder's or self-insured's workers' compensation net deposits, net premiums, 22or net assessments for the previous policy year, rounded up to the nearest 2324 one-half of a percentage point, that shall generate, as nearly as possible, one 25 hundred ten percent of the moneys to be paid from the second injury fund in the following calendar year, less any moneys contained in the fund at the end of the 26 27previous calendar year. All policyholders and self-insurers shall be notified by

48

4950

51

52

53

54

5657

5859

60

61

62

the division of workers' compensation within ten calendar days of the 28 29 determination of the surcharge percent to be imposed for, and paid in, the following calendar year. The net premium equivalent for individual self-insured 30 31 employers and any group of political subdivisions of this state qualified to self-insure their liability pursuant to this chapter as authorized by section 3233 537.620, RSMo, shall be based on average rate classifications calculated by the department of insurance as taken from premium rates filed by the twenty 34 35 insurance companies providing the greatest volume of workers' compensation 36 insurance coverage in this state. For employers qualified to self-insure their liability pursuant to this chapter, the rates filed by such group of employers in 37 38 accordance with subsection 2 of section 287.280 shall be the net premium equivalent. The director may advance funds from the workers' compensation fund 39 to the second injury fund if surcharge collections prove to be insufficient. [Any 40 funds advanced from the workers' compensation fund to the second injury fund 41 must be reimbursed by the second injury fund no later than December thirty-first 42 of the year following the advance.] The surcharge shall be collected from 43 policyholders by each insurer at the same time and in the same manner that the 44 premium is collected, but no insurer or its agent shall be entitled to any portion 45 of the surcharge as a fee or commission for its collection. The surcharge is not 46 47 subject to any taxes, licenses or fees.

- 3. All surcharge amounts imposed by this section shall be deposited to the credit of the second injury fund.
- 4. Such surcharge amounts shall be paid quarterly by insurers and self-insurers, and insurers shall pay the amounts not later than the thirtieth day of the month following the end of the quarter in which the amount is received from policyholders. If the director of the division of workers' compensation fails to calculate the surcharge by the thirty-first day of October of any year for the following year, any increase in the surcharge ultimately set by the director shall not be effective for any calendar quarter beginning less than sixty days from the date the director makes such determination.
- 5. If a policyholder or self-insured fails to make payment of the surcharge or an insurer fails to make timely transfer to the division of surcharges actually collected from policyholders, as required by this section, a penalty of one-half of one percent of the surcharge unpaid, or untransferred, shall be assessed against the liable policyholder, self-insured or insurer. Penalties assessed under this subsection shall be collected in a civil action by a summary proceeding brought

64 by the director of the division of workers' compensation.

Section B. Because of the need to clarify workers' compensation laws and 2 preserve the solvency of the workers' compensation system, section A of this act 3 is deemed necessary for the immediate preservation of the public health, welfare,

4 peace and safety, and is hereby declared to be an emergency act within the

5 meaning of the constitution, and section A of this act shall be in full force and

6 effect upon its passage and approval.

1

Unofficial

Bill

Copy